



THE AFRICAN CAPACITY
BUILDING FOUNDATION

FONDATION POUR LE RENFORCEMENT
DES CAPACITÉS EN AFRIQUE

Policy Brief 9

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**Overcoming Trade
Facilitation Challenges
for Policymakers in
Africa to Enhance
Global Trade Efficiency**



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KEY TAKEAWAYS

Trade facilitation (TF) is critical for unlocking Africa's economic potential and ensuring the success of the AfCFTA. Policymakers play an essential role in creating an enabling environment by addressing key challenges such as inter-agency coordination, the effective implementation of regional agreements, and ensuring policy coherence across the continent. The success of TF measures depends on the ability of governments to reduce non-tariff barriers, harmonise regulations, and implement digital solutions that streamline customs and border procedures. By tackling these obstacles, policymakers can drive economic growth, improve regional integration, and enhance the competitiveness of African firms on the global stage. This policy brief outlines the critical challenges and offers actionable recommendations to policymakers to overcome these barriers. To overcome many of the challenges identified, this policy brief recommends that policymakers should prioritise strengthening inter-agency coordination, particularly through the establishment of well-funded National Trade Facilitation Committees (NTFCs), and ensure the effective implementation of regional agreements such as the AfCFTA. Additionally, leveraging digital solutions such as Electronic Single Windows and harmonising customs procedures across borders will be critical in reducing trade costs and enhancing transparency.

1 THE ISSUE

Trade facilitation, which refers to the simplification, modernisation, and harmonisation of export and import processes, is vital for fostering economic growth and development in Africa.¹ In the African context, TF is particularly crucial under the AfCFTA, where it plays a central role in reducing trade barriers and promoting the efficient movement of goods and services across borders. Key TF measures in Africa include simplifying trade documentation, enhancing transparency in trade rules, and harmonising regulations between countries, with initiatives such as one-stop border posts and simplified trade regimes easing cross-border flows.

With 47 countries ratifying the AfCFTA by 2024, the agreement seeks to boost intra-African trade by liberalising goods and services and addressing TF constraints.² Achieving the AfCFTA's potential developmental impact relies on effectively tackling these barriers, as intra-African trade could grow more than fourfold by 2045.³ The AfCFTA significantly builds on the principles and frameworks established by the World Trade Organisation's (WTO) Trade Facilitation Agreement (TFA). The WTO's TFA has, since 2017, aimed to streamline trade processes globally. The TFA is significant because it involves all 164 WTO members, with 156 WTO Members having domestically ratified the agreement, including 35 African countries.⁴

TF is critical for Africa's economic growth and development, as it leads to numerous economic benefits, including enhanced trade performance, increased economic activity, and job creation. By streamlining trade processes, African countries can boost trade flows, which, in turn, foster competition, promote innovation, and could boost socio-economic improvements in education and health by generating greater revenues for countries.

TF also plays a key role in regional integration, facilitating smoother cross-border trade by improving infrastructure and harmonising regulations. This is essential for African countries to participate more effectively in regional and global value chains (RVCs and GVCs), leveraging their comparative advantages. Moreover, by reducing trade costs and improving efficiency, TF enhances the global competitiveness of African

firms, attracting investment and promoting innovation, which ultimately reduces poverty and improves social welfare across the continent.

Policymakers play a crucial role in the effective implementation of trade facilitation (TF) measures by creating enabling environments that foster seamless trade flows. Their responsibilities include formulating and enforcing clear, transparent, and harmonised regulations to simplify customs procedures and reduce trade barriers. However, policymakers face significant challenges in areas such as coordination among government ministries, agencies, and other stakeholders.

Effective inter-agency coordination is often hampered by limited delegation of responsibilities, inconsistent procedures, and a lack of formal mechanisms for cooperation, all of which create bottlenecks in trade processes. Furthermore, the implementation of regional agreements and protocols remains a challenge as many countries struggle to translate these agreements into actionable policies, leading to a proliferation of non-tariff barriers (NTBs) that negate the benefits of tariff reductions.

Lastly, policy coherence and consistency across regions is crucial but often lacking. Inconsistent transport regulations, differing standards, and a lack of unified dispute resolution mechanisms create logistical complications and increase costs for traders. Policymakers must address these challenges by fostering better coordination, ensuring effective implementation of agreements, and harmonising regulations to enhance the efficiency of trade across Africa under the AfCFTA. This policy brief unpacks some of these challenges and offers recommendations for policymakers on how to address them.

2 BACKGROUND

The UN Global Survey on Digital and Sustainable Trade Facilitation (UNTF Survey)⁵ shows that African countries lag behind other regions in TF implementation. Developed economies lead with an 85% adoption rate of TF measures, while Sub-Saharan Africa stands at 57% (Figure 1).

Figure 1 - Average Implementation Rates of TF Measures Globally

Source: Global Survey on Digital and Sustainable Trade Facilitation 2023 - <https://www.untfsurvey.org/>

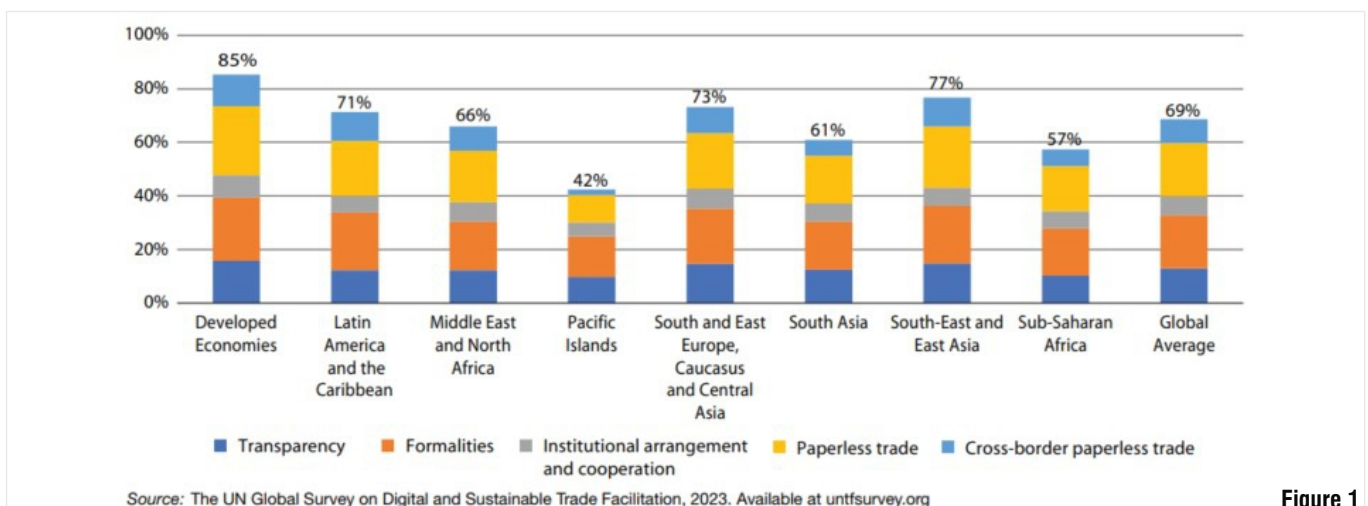


Figure 1

Despite African countries falling short in terms of implementation of TF measures compared to developed and developing peers, there has been an uptick in trade facilitation implementation across African countries in 2023, compared to previous years. Average implementation performance across the UNTF Survey indicates an increase of nearly 10%, from 49,98% in 2021 to 58,51% in 2023. North African countries lead implementation of trade facilitation measures, closely followed by Southern African economies.

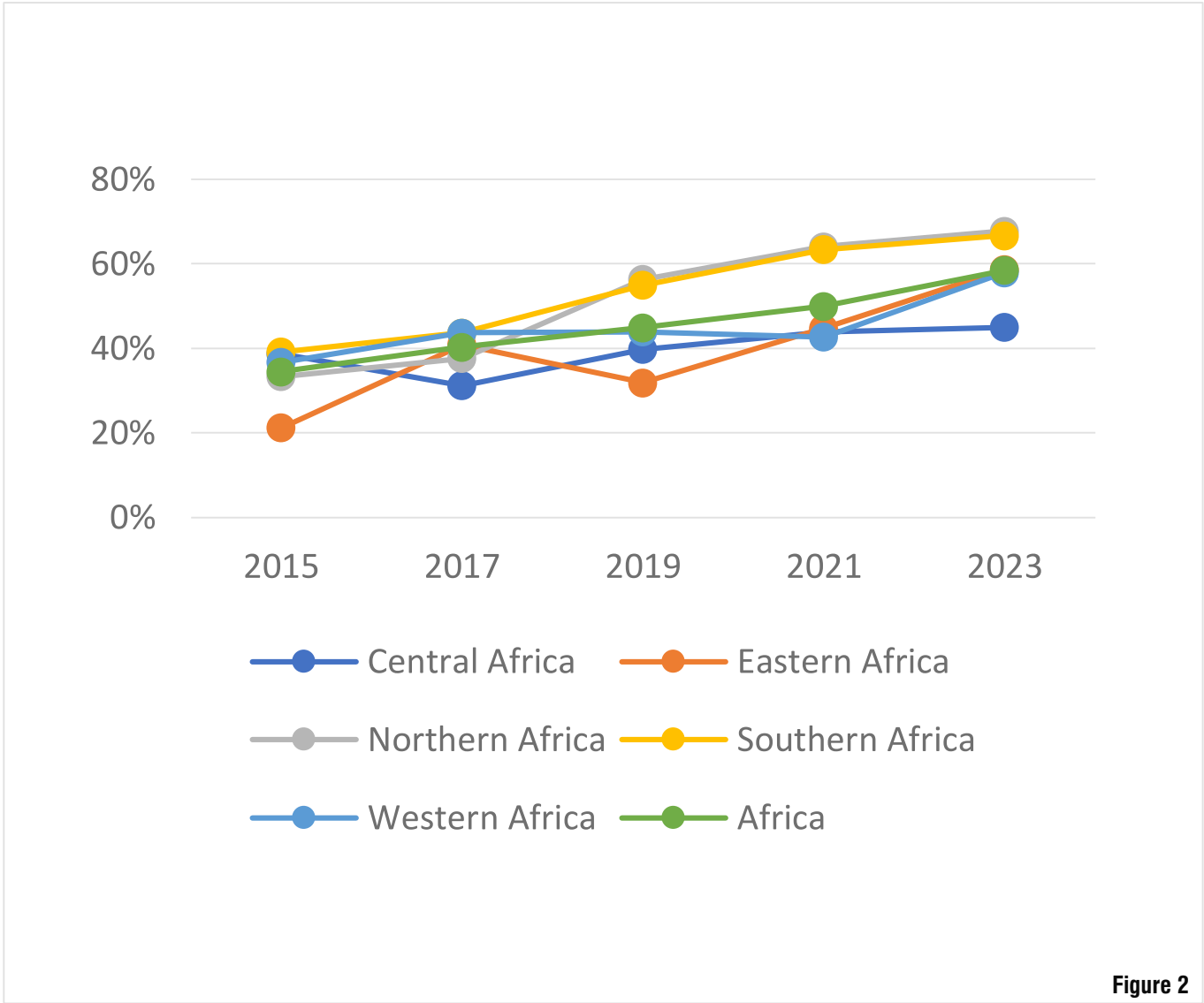
Central African countries, while having increased their implementation rate over the past two successive iterations of the Survey, maintains the lowest implementation rates in 2023 at 44,98%.

Considering that 40 diverse African economies participated in the UNTF Survey, attributing TF implementation gains in 2023 to any one factor is impossible. Instead, various factors attributed to gains made including: subsiding of the pandemic and 'normal trade activities' beginning to resume; greater uptake and roll-out of trade facilitation measures such as OSBPs; continued trade facilitation capacity building support from development partners in line with commitments under the TFA; and renewed impetus under the AfCFTA, among others.

When the latest survey findings are compared to historical findings, it is clear that African countries made the biggest relative gains in implementing measures related to cross-border paperless trade and increasing transparency of trading procedures (Figure 3).

Figure 2: Comparison of TFI between 2015 and 2023

Source: Global Survey on Digital and Sustainable Trade Facilitation 2023 - <https://www.untfsurvey.org/>



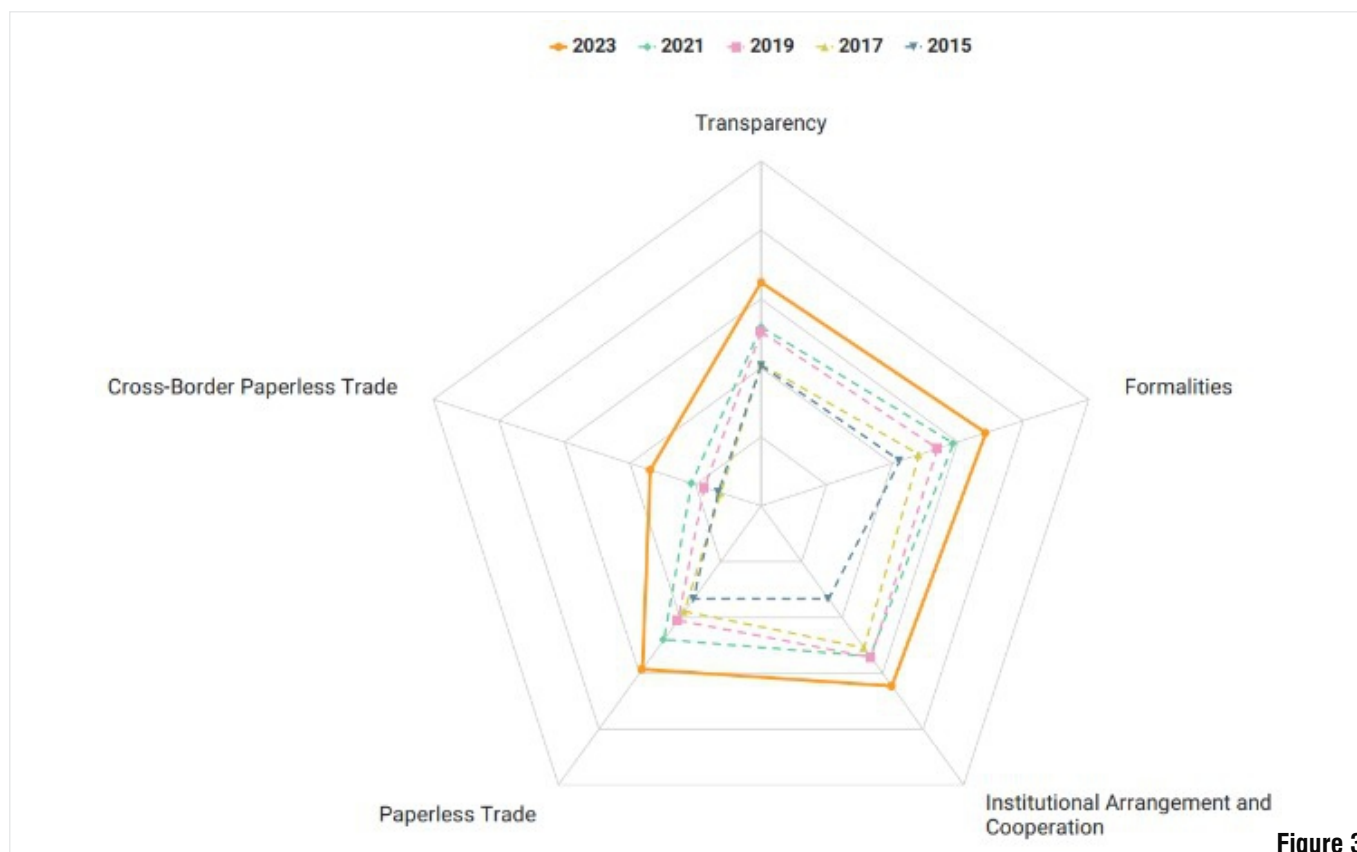


Figure 3

Figure 3: Historical Comparison of TFI, Africa

Source: Global Survey on Digital and Sustainable Trade Facilitation 2023 - <https://www.untfsurvey.org/>

3 TRADE FACILITATION CHALLENGES AND PRIORITIES FOR POLICYMAKERS

The challenges and priorities identified in this policy brief are based on a comprehensive qualitative and quantitative review of trade facilitation across the continent. This methodology involved an extensive literature review, drawing on sources from international organisations, think tanks, development partners, and academia. In addition, stakeholder interviews were conducted to validate the findings from the literature review. These interviews included representatives from public, private, and civil society organisations (CSOs) across Africa, providing a well-rounded understanding of the key issues impacting trade facilitation efforts.

TF plays a critical role in enhancing Africa's trade performance, but its implementation presents several challenges for policymakers. While the AfCFTA and other regional frameworks provide a solid foundation for promoting intra-African trade, a number of obstacles still hinder effective TF. These challenges include limited coordination among government ministries and agencies, inconsistent application of regional agreements, and a lack of policy coherence across the continent. For policymakers, addressing these challenges is essential to improving trade efficiency, reducing costs, and ensuring that African economies can fully integrate

into regional and global value chains. This section will explore the key TF challenges that policymakers must prioritise to unlock the potential of trade facilitation and foster sustained economic growth in Africa.

3.1 Coordination Among Government Ministries, Agencies and Other Stakeholders

The COVID-19 pandemic highlighted the urgent need for better coordination among various government agencies and between nations to manage border controls and ensure the smooth flow of trade. For example, during the pandemic, the lack of coordination resulted in severe congestion and delays at border posts, as different agencies operated without a unified strategy.

Policymakers should establish formal mechanisms for regular communication and cooperation between customs, health, transport, and other relevant agencies. These mechanisms could include joint training programs, shared databases, and harmonised procedures to ensure smooth operations. The AfCFTA can leverage these lessons to foster intergovernmental cooperation, ensuring that trade regulations and procedures are harmonised, thus enhancing the efficiency of cross-border trade across the continent.⁶

Effective trade facilitation requires both inter-governmental and inter-departmental coordination at national and regional levels.

The complexity of trade facilitation involves multiple stakeholders, including customs, trade and transport ministries, port and road authorities, freight forwarders, and border agencies. Recognising this, the drafters of the TFA mandated the creation of National Trade Facilitation Committees (NTFCs). These committees are designed to act as consultative bodies to promote facilitation, examine international trade and transport regulations, make policy recommendations, and foster administrative transparency on major trade and transport issues.

As of June 2020, about 28 African countries had established an NTFC, with two additional countries reporting the existence of a de facto NTFC.⁷ While this is a significant achievement, the mere formation of these committees is insufficient. The real challenge lies in ensuring that these bodies are operational and coordinate effectively with each other. Well-functioning NTFCs could have minimised the losses faced by traders during the pandemic, such as having goods turned back at borders or experiencing long delays due to policy uncertainty about the passage of goods.

Successful NTFCs should have strong funding not reliant on donor support, firm political commitment to remain independent from the government of the day, a robust legal basis, strong organisational setups, and inclusive composition to bridge the public-private divide and other challenges (see Box 1).^{8,9} These elements are crucial for the effectiveness and sustainability of NTFCs in Africa. One significant challenge is the limited delegation of border responsibilities to respective border control

Box 1 – Ghana's NTFC Addresses Gender Challenges

The Ghana Trade and Gender Subcommittee was established by Ghana NTFC with the primary goal of forming a technical working group dedicated to integrating gender perspectives into trade policies and their successful execution within the nation. The subcommittee was founded to achieve the following objectives: firstly, fostering ongoing discussions, enhancing responsibility, and overseeing the effects of trade facilitation policies and endeavours on female traders; secondly, boosting the involvement of women to ensure an all-encompassing and enduring fulfilment of the trade facilitation mission; and thirdly, showcasing the benefits derived from advancing gender equality within the NTFC.

agencies in many African countries. Between 20% and 30% of countries allow for limited delegation, which hampers better inter-government coordination for trade facilitation.¹⁰ Such limitations restrict border

agencies' ability to respond promptly to dynamic trade scenarios, potentially causing delays and operational inefficiencies. Inconsistent trade procedures across different agencies can lead to confusion among traders and hinder smooth cross-border operations. Incomplete delegation also impedes seamless information sharing among government bodies, preventing the development of a comprehensive approach to trade management and risk assessment. Clear legislative frameworks are essential to empower customs authorities to engage with peers from other countries to expedite key trade facilitation bottlenecks and foster efficient cooperation.

Successful implementation of trade facilitation measures also requires robust collaboration between public, private, and civil sectors. Governments need to provide leadership and accountability while engaging the private sector in the design and delivery of digital and trade facilitation ecosystems. Policymakers create the trade facilitation environment, but businesses operate within this environment, necessitating synergy in consultation. This collaboration should include MSMEs, ensuring their representation in stakeholder consultations, as they often lack the representation enjoyed by larger firms through business associations. The NTFCs presents the ideal forum for such consultations.

3.2 Implementation of Regional Agreements and Protocols

The potential benefits of the AfCFTA, including the TF measures within the Agreement, and other regional agreements can only be realised through effective implementation and translation of these agreements into actionable policies and practices. Merely signing agreements and setting ambitious goals will not yield tangible results unless they are actively pursued and embedded into national frameworks.¹¹

Experience from regions such as West Africa underscores the necessity of eliminating both local and regional barriers to trade and transport. Trade and transport facilitation are top priorities for a flourishing economy, as cross-border trade can significantly accelerate regional integration. However, lofty aspirations have often failed to transform into actions due to weak political will to reform outdated regulations, cumbersome non-reciprocal customs procedures, inadequate local funding for infrastructure development, and a myriad of related issues.¹²

Over the past two decades, a global trend has emerged where the reduction in tariff barriers has been accompanied by an increase in NTBs and NTMs. This trend is evident in Africa as well, where concerted efforts through bilateral, regional, and multilateral negotiations have successfully reduced tariff costs.¹³ However, this progress has been undermined by the rise of NTBs and NTMs, which have become significant impediments to trade.

The increase in NTBs includes challenges such as inadequate transit and road infrastructure, inefficient border operations, quality control inspections, successive roadblocks, and quantitative restrictions on goods by individual states. These barriers create significant trade costs that negate the benefits of reduced tariffs. The problem is further compounded by weaknesses in economic governance, which enable corruption and inefficiencies in trade processes.

The failure to accurately implement regional agreements and protocols has contributed to this issue. While tariffs have been lowered, the lack of effective implementation of trade facilitation measures has allowed NTBs to proliferate. This situation underscores the need for a comprehensive approach to trade facilitation that addresses both tariff and non-tariff barriers. By effectively implementing regional and continental agreements and focusing on reducing NTBs, African countries can enhance trade efficiency, lower trade costs, and fully realise the benefits of economic integration. Addressing these challenges is crucial for unlocking the potential of the AfCFTA and other regional trade initiatives.

While NTMs often have legitimate uses, such as protecting domestic industries or achieving social goals, they can also create significant trade costs due to regulatory heterogeneity and rent-seeking behaviour by officials.¹⁴ Policymakers must work to reduce the trade-restrictive effects of NTMs by ensuring transparency and cooperation among trade stakeholders.

The African Trade Observatory, modelled on the TFTA Online NTB Monitoring Mechanism (see ¹⁵) for example, can provide crucial data on NTMs and their economic impacts, helping to mobilise stakeholders and inform policy reforms. Transparency is a key step in shifting the balance towards reformers and away from defenders of status quo rents.

3.3 Policy Coherence and Consistency

Box 2 - TFTA Online NTB Reporting Mechanism

COMESA, EAC and SADC implemented a web-based NTB, monitoring and eliminating mechanism which incorporates concrete timelines for the removal of NTBs. The mechanism enables stakeholders to report and monitor the resolution of barriers encountered as they conduct their business in the COMESA, EAC and SADC regions. Though important in enhancing transparency on reporting and identifying NTBs and NTMs, there is more that needs to be done. In particular, with respect to moving beyond a reporting system to one which will resolve issues in a binding manner. If this systemic problem is not addressed under the AfCFTA, the same type of problem will appear again.

Effective trade facilitation in Africa hinges on the coherence and consistency of policies across the continent. Policymakers must ensure that regulations and standards are harmonised and transparent to create a conducive environment for trade and investment. The COVID-19 pandemic highlighted significant shortcomings in the transparency of bureaucratic processes related to trade. During the pandemic, border closures and stringent control measures led to substantial delays in the movement of goods, revealing a lack of clear and accessible information regarding trade regulations and procedures.

Policymakers can address these issues by ensuring that all trade-related information is available online, centralised, and in multiple languages to cater to diverse stakeholders. Implementing such transparency measures under the AfCFTA would build trust among member states and streamline intra-African trade, making it more predictable and less susceptible to corruption. Greater transparency in bureaucratic processes is essential for enhancing policy coherence and ensuring that trade facilitation measures are effectively implemented and understood by all stakeholders. Inconsistent transport regulations and vehicle standards across African countries pose significant challenges to the smooth movement of goods.

Different countries have varying axle-load requirements, limiting the ability of trucks to operate seamlessly between nations. Additionally, inconsistencies in how high-cube containers and safety equipment standards are treated create logistical complications. For instance, super-linked transporters face different regulations in Tanzania compared to other countries, requiring special permits and incurring additional costs.

Similarly, the lack of a unified insurance system for loads transiting through the region forces logistics companies to purchase additional insurance, increasing operational costs. Harmonising transport regulations and vehicle standards is essential to facilitate smoother and more efficient cross-border trade (see Box 3)¹⁶

Box 3 - Miombo Forestry Products

Miombo Forestry Products in Namibia faced high transport costs, complex regulatory procedures, and certification challenges in exporting forestry products. The company advocated for regular meetings between countries to harmonise policies and suggested the use of digital solutions, such as electronic phytosanitary certificates, to streamline processes. By addressing these logistical and regulatory challenges, Miombo Forestry Products improved its efficiency and competitiveness in subregional markets, enhancing its overall export capabilities.

The lack of clear dispute resolution mechanisms for regional trade laws poses a significant challenge to policy coherence. Despite the existence of regional agreements like the ECOWAS Trade Liberalisation Scheme, rules are frequently breached, and incidents are handled through ad hoc interventions rather than structured processes. This lack of structured dispute resolution undermines the effectiveness of regional agreements and leads to inconsistent enforcement. Establishing robust dispute resolution mechanisms is crucial for ensuring that regional trade agreements are respected and that breaches are addressed in a systematic and fair manner.

4 MAIN POLICY RECOMMENDATIONS

Strengthen Inter-Agency Coordination and Stakeholder Engagement:

Governments should improve coordination among various ministries, agencies, and stakeholders by formalising communication mechanisms, such as National Trade Facilitation Committees (NTFCs). Ensuring these committees are well-funded, independent, and operational will streamline the implementation of TF measures and improve cross-border trade efficiency. Policymakers must also ensure that border agencies have the authority and resources necessary to address dynamic trade challenges and coordinate effectively with neighbouring countries.

Ensure Effective Implementation of Regional Agreements and Protocols:

Policymakers need to translate regional agreements, such as the AfCFTA, into actionable national policies. This includes eliminating NTBs, improving infrastructure, and standardising customs procedures across borders. Implementing online NTB reporting systems and adhering to strict timelines for removing barriers will ensure that countries fully benefit from regional agreements, avoiding the proliferation of NTBs and other trade obstacles.

Promote Policy Coherence and Harmonisation of Standards:

To facilitate smoother cross-border trade, policymakers must harmonise regulations across transport, customs, and safety standards. This includes addressing inconsistencies in axle load requirements, vehicle safety standards, and insurance systems that hinder the movement of goods across borders. Ensuring that trade-related regulations are transparent, predictable, and available online will improve policy coherence and reduce trade costs, particularly for MSMEs.

Leverage Digital Solutions for Trade Facilitation:

Digital trade facilitation measures such as Electronic Single Window

(ESW) systems and electronic certificates of origin (eCoO) should be prioritised to streamline customs processes and improve transparency. Governments must invest in the necessary infrastructure and capacity building to support the adoption of these systems. Furthermore, digitalisation will help reduce corruption and inefficiencies at borders, ensuring more predictable and efficient trade flows.

Expand Transparency and Combat Corruption:

Policymakers must implement anti-corruption measures at key points in the trade process, particularly at border posts, to reduce costs and delays caused by bribery and inefficiencies. By enhancing transparency through digital customs management systems and providing access to clear, up-to-date trade information, governments can minimise opportunities for corrupt practices, fostering a fairer and more efficient trading environment.

The findings and recommendations presented in this policy brief have far-reaching implications for Africa's trade landscape in the future. By addressing the key challenges of inter-agency coordination, the implementation of regional agreements, and policy coherence, African policymakers can unlock significant economic growth and enhance the continent's competitiveness in global markets.

Implementing digital trade facilitation solutions and harmonising regulations will not only reduce trade costs but also foster greater transparency and trust among trading partners. In the long term, these efforts will be critical for deepening regional integration under the AfCFTA, accelerating Africa's participation in global value chains, and contributing to broader socio-economic development goals, including poverty reduction and job creation.

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